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October 20, 2006

VIA CM/ECF AND HAND DELIVERY

The Honorable Joseph J. Farnan, Jr.
United States District Court
District of Delaware
844 King Street
Wilmington, DE 19801

Re: *Magten Asset Management Corp. and Talton R. Embry v. Northwestern Corp.*, Civil Action No. 05-548-JJF

Your Honor:

This firm is co-counsel to appellant Magten Asset Management Corporation ("Magten"), along with the Fried Frank Harris Shriver & Jacobson LLP in connection with the action pending before this Court styled *Magten Asset Management Corp. and Talton R. Embry v. Northwestern Corp.*, Civil Action No. 05-548-JJF (the "Appeal").

We write this letter on behalf of NorthWestern and Magten to provide Your Honor with an update on the status of the Appeal as requested pursuant to Your Honor's October 5, 2006 Order.

This Appeal is an appeal by Magten of the Bankruptcy Court's Order of June 6, 2005, which denied Magten's application for fees incurred in connection with its defense of an Adversary Proceeding brought against it by NorthWestern Corporation ("NorthWestern") during the course of NorthWestern's chapter 11 bankruptcy case (the "Bankruptcy Case"), which was subsequently dismissed voluntarily by NorthWestern.

This Appeal was referred to mediation under this Court's standing mediation order, and a Special Master/Mediator, Louis C. Bechtle, Esq., was appointed by order of this Court dated August 25, 2005. At the time, the parties agreed that, given the relationship of this Appeal to all of the other matters that have arisen out of NorthWestern's Bankruptcy Case, a separate mediation of this individual appeal would not be fruitful. A potential settlement of this Appeal was included in the discussions at a mediation that took place in December 2005 before Alan Miller, Esq. with respect to all of Magten's pending appeals and actions arising out of the

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Bankruptcy Case. As this Court is aware, that mediation was unsuccessful as the parties failed to reach a settlement.

The parties have submitted designations of record and statements of issues on appeal, but have not yet filed briefs on the merits of this appeal. Your Honor's rulings on September 29, 2006 in Magten Civil Action No. 04-1389 (Consolidated Appeals of Confirmation Order and MOU) and Civil Action No. 05-209 (the 9019 Appeal) do not render this Appeal moot and thus a briefing schedule is required.

Accordingly, attached hereto as Exhibit A is a stipulated proposed briefing schedule and order agreed to by the parties. Counsel is available by telephone should Your Honor have any questions.

Respectfully submitted,



Dale R. Dubé
I.D. No. 2863

cc: Clerk of Court ((via CM/ECF and hand delivery))
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